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**MALAYSIA HOMESTAY INDUSTRY ON PERSPECTIVES OF  
ROLES, ISSUES, CHALLENGES AND ADVERTISING USE:  
A PRELIMINARY STUDY IN KEDAH HOMESTAY**

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**ABSTRACT**

Malaysia Homestay Industry plays an important role in helping Malaysia government to continue to sustain even to increase the country's economy. Even though this industry brings a great value, but there are many issues and challenges exist that can affect the economy sustainability. In order to prove that the raising issues and challenges exist, this paper will presents investigation which is involve two preliminary studies that were conducted in Kedah Homestay Industry. These preliminary studies also investigated the issue of advertising use among homestay operators. This advertising issue is important to be studied in helping homestay industry's brand remains relevant to confront with the issue of competition. In Malaysia, advertising through various media is becoming increasingly important and it promises a good benefit for homestay operators in term of advertising and promotion. Using both

traditional and social media advertising, homestay operators can spread homestay advertisement over the world.

**Keywords:** social media, advertising, social media advertising, traditional advertising, homestay, Malaysia Homestay Industry

## INTRODUCTION

Malaysia Homestay Industry brings much benefit for economic growth and developmental progression of rural area. This industry fundamentally can sustain country's tourism and remains under the 10<sup>th</sup> Malaysia Plan for the year 2011 to 2015 (Economic Planning Unit, 2010). In Malaysia, homestay can be found in various locations in every state in rural area including local villages and local communities. The villages or communities that participated in Malaysia Homestay Industry are carefully selected and must comply with the certain criteria set by the Ministry of Tourism and Culture Malaysia. Homestay industry is a form of lodging component of tourism that offers a village lifestyle experience (Leh & Hamzah, 2012). It is defined as a private house for paying guest which enables them to stay in the house of a host family for a certain period (Oxford Dictionary, 2013). Living in the cultural society, guest or visitors are provided with good experience of traditional lifestyle in a local community which they can participate in delightful activities, enjoy a pleasant day and experience traditional cultures (Tourism Malaysia, 2012).

Local people in the community that took opportunity of tourism-based business fundamentally make this opportunity as a common strategy to generate extra household income for local community (Abby, 2005). The opportunity to generate money from this tourism-based business is based on good status of an area which influences the local community to involve in tourism development particularly in establishing equality in the

distribution of resources and opportunities (Ashley, Boyd & Goodwin, 2000; Ashley & Roe, 2002; Goodwin, 2005). Besides, participation of the local community in homestay industry is based on advantages that existed in an area (Leh & Hamzah, 2012). Therefore, many villagers were motivated to participate in this industry due to the good potential of supplementary income and employment that exist in the homestay industry (Pusiran & Xiao, 2013).

Based on the existing opportunities, the local people preferred to participate in this homestay industry due to large range of tourist arrivals and existing environment of sophisticated tourism establishment in places. Moreover, homestay business is helpful solution of occupancy problem for rural tourism because it offers tourist to have room (Bhuiyan et al., 2012). When the occupancy problem solved, tourists will not be worried to get room and further can attract more tourists to visit the places. This scenario can influence the local people to provide more accommodation. Even though homestay industry promises a good potential in term of country economy and experience of traditional lifestyle, perspectives of roles, issues, challenges and advertising use are become important aspects that should to be focused to face with today's business competition.

### **PRELIMINARY STUDY AND METHODS**

In order to identify the above perspectives, a preliminary study has been conducted to confirm the current scenario pertaining to roles, issues, challenges and advertising use as well as social media advertising. The session of preliminary study is also aims to investigate any current advertising tool that often be used among homestay operators to promote their homestay business.

There are three phases involved in the preliminary study. Two series of interviews have been applied in the preliminary study. Firstly, an interview has been conducted with the authorized officer from Tourism Malaysia in Alor Setar, Kedah. Secondly, an interview with the registered homestay operators with Tourism Malaysia in Langkawi Island. On top of that, a document analysis of homestay data and statistic that has been given by the authorized officer of Tourism Malaysia in Kedah also been conducted.

#### **Phase 1: An Interview with Tourism Malaysia**

The interview involved an authorized officer from Tourism Malaysia in Alor Setar, Kedah. He is the person in charge of the homestay industry of Kedah and all data about Kedah homestay are in his possession. The session with him was conducted via face to face interview with 15 questions asked during the session. These questions were addressed to investigate several items including the role of Ministry of Tourism and Culture Malaysia towards homestay industry, the true concept of homestay, the issues and challenges of operating homestays and the implementation of advertising. Table 1 shows the list of the interview questions with the authorized officer of Tourism Malaysia. These questions were important in order to identify the roles of Malaysia Homestay Industry and to confirm the several issues and challenges that exist in Malaysia Homestay Industry. These issues and challenges used as guidance in helping this study to proceed to the next step.

Table 1

*List of Interview Questions with the Authorized Officer of Tourism Malaysia.*

No.	Questions
Q1	What is the role of the Ministry of Tourism and Culture Malaysia on tourism in Malaysia?
Q2	Why Tourism of Malaysia makes homestay industry as one of the tourism products?
Q3	How many homestays registered with the Tourism Malaysia?
Q4	Is there any specific category for homestay besides the registered and un-registered homestay?
Q5	What methods or procedures for registering homestay?
Q6	What is the concept of homestay that recognized by Tourism of Malaysia?
Q7	How Tourism of Malaysia monitors registered homestay?
Q8	What is the role of Tourism Malaysia towards registered homestay?
Q9	What are the challenges, challenges since past, present or future in the homestay industry?
Q10	What is the trend of homestay growth?
Q11	Is there homestay on the island regions in Malaysia? If so, what is the island?
Q12	From the feedback received by the Tourism Malaysia, is there any competition between registered and unregistered homestay?
Q13	From the feedback received by the Tourism Malaysia, is there any competition between registered homestay with other accommodation?
Q14	From the feedback received by the Tourism Malaysia, homestay operators do their own advertising for homestay?
Q15	From the feedback received by Tourism Malaysia, do they use social media tools such as Facebook, Twitter, blog to advertise their homestay?

## **Phase 2: A Document analysis of homestay data and statistic by Tourism Malaysia**

A document analysis is needed in the search and finding of the valid homestay data and statistics in Malaysia. The documents are obtained from the printed document of homestay data and statistic that was given by the authorized officer of Tourism Malaysia in Kedah.

## **Phase 3: An Interview with Island Homestay Operators**

20 interviewees were selected from the list of registered homestay operators in Langkawi Island by Tourism Malaysia. They were selected from five different community samples of

rural areas and the number of the respondent suggested by homestay coordinators. The respondents have been determined based on the most active operating homestay in the communities as suggested by the homestay coordinators. These homestay coordinators represents for each five community of Wang Tok Rendong, Pulau Tuba, Sungai Itau, Bukit Tangga and Padang Lalang.

A serial interview session was conducted. The interview was divided into structured and unstructured interviews. During the session, researcher had asked both close and open-ended questions. The both types of questions were about advertising implementation such as type of advertising tool use, weaknesses or lack of doing advertising and level of strategies or tactics use in advertising. Researcher guided respondents to complete the session. These questions were based on related research issues as well as scenario of challenge towards homestay industry in Langkawi Island.

## **FINDINGS**

The findings of three phases of the preliminary study is discussed in this section. Interviews findings has been collected and analyzed from the written notes and voice recording. The findings of document analysis are obtained from printed document of homestay data and statistics from Tourism Malaysia in Kedah. All results from interview questions (Q1 to Q10) were recorded and analysed accordingly.

### **Roles of Malaysia Homestay Industry**

Results from the interview clarifies the roles of the Ministry of Tourism and Culture Malaysia are to license for the homestay, to develop facilities and infrastructures of tourism, to develop tourism-related industries and to promote these tourism-related industries (Q1). Based on these roles of Tourism Malaysia to homestay industry, researcher asked reason on

making homestay industry as one of the tourism product. Then, the authorized officer answered that it is aims to add supplementary income for the homestay operators. Besides that, the participation among tourism operators within homestay industry is to boost Malaysia tourism (Q2).

### **Issues and Challenges of Malaysia Homestay Industry**

There are 14 homestay communities in Kedah; nine homestay communities are located at mainland while five homestay communities are in Langkawi Island (Q11) and the number of participation in the homestay industry is still increasing but slowly (Q10). However, sometimes the number is static due to bureaucracy issue because of disqualified houses to be registered as legal homestay (Q3). All homestays should register with Tourism Malaysia to become official registered homestay and must operate in rural areas (Q4). The registration of homestay community must involve at least 10 homestay operators and any nearby villages are available to join the homestay community (Q5). The real concept of homestay means tourists or guests are able to stay together with the host family and experience local community lifestyle (Q6).

Although homestay operators are able to run their homestay business independently, they are still monitored by Tourism Malaysia every year for each homestay community in order to ensure the homestay operators follow the rules (Q7). Tourism Malaysia in Kedah collects monthly data and statistic from homestay communities. Homestay community also organizes community programs every month depend on the state government planning (Q8).

Although homestay industry provides advantage in term of supplementary incomes, homestay operators face issues and challenges (Q9). Based on current scenario of abundance of accommodation, majority of them are not satisfied with the unregistered homestays (not



registered with the Ministry of Tourism and Culture Malaysia) and other types of accommodation such as guesthouse, motel and chalet. This is because homestay operators have to compete with these competitors (Q12) (Q13) and they also face challenges and constraints in providing facilities as wanted by tourists or guests (Q9).

### **Document analysis findings**

Then, the second source of data in expecting to get for this preliminary study is document analysis. The findings of document analysis are obtained from printed document of homestay data and statistic that given by the authorized officer of Tourism Malaysia in Kedah. The data and statistic show an increment in the number of homestay which is increasing year to year. Due to the different location of homestay in Kedah, regions of the operating homestays are divided into two categories are non-island homestay and island homestay.

For the island homestay, it refers to the homestay that is located on the island region and separated from the mainland in a country. Tourists who stay at island homestay have a unique opportunity to experience local houses, culture, language and living style of rural community in island. Furthermore, the non-island homestay refers to homestay located in non-island region. It is located in the mainland region and exists in great quantity. This non-island region homestay offer the same experience with island homestay such as experience local house, culture and living together in rural community but quite difficult to experience with island environment. The both regions together with the findings of document analysis show in Table 2. The document analysis derived from comparative analysis of homestay statistic.

Table 2

*Categorization for Non-island Homestay and Island Homestay Concepts in Kedah*

	Homestay Communities with Number of Operators	Districts	Percentage of Operators	Percentage of Rooms	Incomes (MYR)
Non-island Homestay	Desa KEDA Ulu Legong (35 operators)	Baling	54.94% (178 operators)	52% (221 rooms)	935112 (87%)
	Kampung Jeruju (19 operators)	Kubang Pasu			
	Kampung Relau (29 operators)	Bandar Baharu			
	Kampung Raga (26 operators)	Yan			
	Sg. Badak (17 operators)	Kuala Muda			
	D' Belimbing (17 operators)	Padang Terap			
	Desa KEDA Lahar Tunjung (19 operators)	Pendang			
	Kampung Pulau Pisang (16 operators)	Kubang Pasu			
Island Homestay	Kampung Wang Tok Rendong (69 operators)	Langkawi	45.06% (146 operators)	48% (200 rooms)	135322 (13%)
	Kampung Pulau Tuba (28 operators)				
	Kampung Sg. Itau (19 operators)				
	Kampung Bukit Tangga (10 operators)				
	Kampung Selat Bagan Nyiur (13 operators)				
	Kampung Padang Lalang (7 operators)				

Note: Data as of July, 2013.

Based on Table 2, there are 178 (54.94%) non-island homestay operators and 146 (45.06%) island homestay operators that provide 221(52%) and 200 rooms (48%) respectively. The percentage of operators and rooms between the two different regions are quite similar. However, income revenue indicated a large interval whereby the island homestay only attained about 13% of total income revenue due to the large competition with other types of accommodations as claimed by homestay operators.

### Malaysia Homestay Industry Advertising Use

For the implementation of advertising, the respondent noticed that homestay operators do their own advertising efforts and Tourism Malaysia never controls their advertising activities (Q14). Advertising are their initiative and Tourism Malaysia encourages them to freely advertise their own homestay business to local people and foreigners as their potential customers. Based on information gained from homestay operators, only a few of them use social media as their advertising tool and Facebook has become their choices (Q15). As claimed by the respondent, these homestay operators prefer to use Facebook because of its popularity and many businesses use the tool.

Based on the question as provided, respondents were asked about any causes of small number of occupancy rate. As they claimed, it occurred due to the lacks of advertising and promotion. The impact of lacking of advertising and promotion proved that tourists are not aware of existing homestays at certain area of the island. Besides that, imprecise use of homestay concept used by illegal homestays causes tourists' misunderstanding. This situation makes tourists confuse between registered and unregistered homestay. Figure 1 shows the 95% of respondents agree and 5% disagree regarding the lack of advertising and promotion has effect on their income performance.

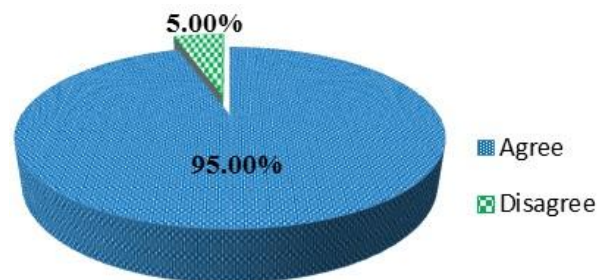


Figure 1. Lacking of Advertising and Promotion

Furthermore, homestay operators enquired whether their advertising strategies are adequate or not. Accordingly, all of the respondents agreed that their advertising strategy are still inadequate and require for alternative strategy besides existing traditional advertising. Moreover, majority of homestay operators need assistance in exploiting alternative strategy such as online advertising. They wish to endeavors alternative strategy that can help them to worthily improve their incomes performance. In addition, advertising strategy is necessary as a part of business, thus it should be leveraged and strengthened with current strategy to be suited to business segments. Hence, social media could be the alternative strategy for homestay promoting and all respondents believed that social media is useful instrument for business to engage with customers.

### **CONCLUSION AND FUTURE STUDY**

Malaysia Homestay Industry faces with challenges to compete with other accommodation especially with unregistered homestay. The roles, issues, challenges and advertising use on Malaysia Homestay Industry also often plague registered homestay operators to sustain their businesses, thus it has become an action that should be considered by Ministry of Tourism and Culture Malaysia. Moreover, these perspectives of roles, issues, challenges and advertising use should be handled efficiently by both Ministry of Tourism and Culture Malaysia and homestay operators. Besides that, the perspective regarding advertising becomes a core focus to be concerned. As identified by Zaki et al. (2011), one of the weaknesses in Malaysia Homestay Industry is lack of promotion and under-developed marketing strategies. Hence, advertising endeavors must be taken to face with the weaknesses and advertising through social media tools that has become the choice of homestay operators. It is because, the advertising through social media tool is becoming increasingly popular and

it is offered in helping homestay operators to continue to sustain the Malaysia Homestay Industry's brand.

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